

A-Engrossed House Bill 2728

Ordered by the House April 14
Including House Amendments dated April 14

Sponsored by Representative READ; Representatives BARKER, DEMBROW, DOHERTY, GELSER, GREENLICK, HUFFMAN, HUNT, Senators EDWARDS, HASS (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Allows taxpayer to make direct deposit contribution of income tax refund into Oregon 529 College Savings Network account. **Specifies conditions of making direct deposit contribution.**

Applies to income tax refunds payable to taxpayers for tax years beginning on or after January 1, ~~[2011]~~ **2012**.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to direct deposits to Oregon 529 College Savings Network accounts; creating new pro-
3 visions; amending ORS 348.857; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS chapter 305.**

6 **SECTION 2. (1) A taxpayer may elect to contribute all or a portion of a refund of per-**
7 **sonal income tax to an account that has been established under ORS 348.857 by direct deposit**
8 **to the financial institution managing the account. The amount elected to be contributed by**
9 **the taxpayer must be at least \$25 and may be applied as a contribution only for the tax year**
10 **in which the refund is issued.**

11 **(2) The election shall be made on a form prescribed by the Department of Revenue and**
12 **filed with the taxpayer's tax return for the tax year or at such other time and in such other**
13 **manner as the department may prescribe by rule. The department shall prescribe by rule the**
14 **maximum number of accounts to which a taxpayer may elect to contribute a portion of the**
15 **refund.**

16 **(3) The election to contribute all or a portion of a refund may not be changed or revoked.**

17 **(4) The election to contribute all or a portion of a refund shall be void, and no portion**
18 **of the refund may be contributed to an account that has been established under ORS 348.857,**
19 **if:**

20 **(a) The taxpayer's refund is offset to pay amounts owed by the taxpayer; or**

21 **(b) The taxpayer's refund is less than the total of the following:**

22 **(A) The contribution elected in subsection (1) of this section;**

23 **(B) Payments of tax as provided in ORS 316.583 that accompany the return;**

24 **(C) All contributions to charitable and governmental entities designated by means of a**
25 **checkoff as provided in ORS 305.745; and**

26 **(D) All contributions to political parties designated by means of a checkoff as provided**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **in ORS 305.754.**

2 **SECTION 3.** ORS 348.857 is amended to read:

3 348.857. (1) An account owner may establish an account by making an initial contribution to the
4 Oregon 529 College Savings Network in the name of the designated beneficiary. Once a contribution
5 is made it becomes part of the network and subject to the provisions of ORS 348.841 to 348.873.

6 (2) Any person may make a contribution to an account once an account is opened.

7 (3) Contributions to an account shall be made only in cash **and may be deposited as provided**
8 **in section 2 of this 2011 Act.**

9 (4) Total contributions to all accounts established on behalf of a particular beneficiary may not
10 exceed those reasonably necessary to provide for the qualified higher education expenses of the
11 designated beneficiary. The Oregon 529 College Savings Board shall establish maximum contribution
12 limits applicable to network accounts and shall require the provision of any information from the
13 account owner and the designated beneficiary that the board deems necessary to establish these
14 limits.

15 (5) Separate records and accounting shall be required for each account and reports shall be
16 made no less frequently than annually to the account owner.

17 (6) The board may collect application, account or administrative fees to defray the costs of the
18 network.

19 **SECTION 4.** **Section 2 of this 2011 Act and the amendments to ORS 348.857 by section 3**
20 **of this 2011 Act apply to income tax refunds payable to taxpayers for tax years beginning on**
21 **or after January 1, 2012.**

22 **SECTION 5.** **This 2011 Act takes effect on the 91st day after the date on which the 2011**
23 **regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**

24